

Message Text

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ACTION EA-14

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CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 COME-00

TAR-02 CIAE-00 DODE-00 DOTE-00 FMC-04 INR-11 NSAE-00

CG-00 COA-02 DLOS-07 SWF-02 L-03 H-03 PA-04 PRS-01

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SUBJECT: POLISH INDUSTRIAL EXHIBITION AND PRC-POLISH
ECONOMIC RELATIONS

SUMMARY: POLAND WILL STAGE A SMALL EXHIBITION OF COAL
MINING AND OTHER TYPES OF MACHINERY IN TIENTSIN FROM
SEPTEMBER 16-30. THIS YEAR'S BILATERAL TRADE AGREEMENT
PROVIDES FOR DOLS 101 MILLION IN TOTAL TRADE, A 14
PERCENT INCREASE OVER THE LEVEL OF LAST YEAR'S AGREEMENT.
THE SINO-POLISH JOINT SHIPPING LINE IS CURRENTLY OPERATING
20 SHIPS, BUT RECENTLY EXPERIENCED LONG SHIPPING DELAYS
DUE TO A SHORTAGE OF CARGO SPACE AND CHINESE PORT CONGESTION.
END SUMMARY.

1. IN DISCUSSION SEPTEMBER 12 WITH USLO OFFICER PERITO,
POLISH COMMERCIAL ATTACHE IN PEKING JAN SWITALA PROVIDED
THE FOLLOWING INFORMATION ON THE FORTHCOMING POLISH
INDUSTRIAL EXHIBITION AND ON PRC-POLISH TRADE AND
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SHIPPING RELATIONS.

2. POLISH-TRADE EXHIBITION. A SMALL POLISH INDUSTRIAL EXHIBITION WILL BE HELD AT THE HISTORICAL MUSEUM IN TIENSIN FROM SEPTEMBER 16-30. DISPLAYS WILL FEATURE COAL MINING MACHINERY (POLAND'S LEADING EXPORT), CRANES AND OTHER TYPES OF CONSTRUCTION MACHINERY, POWER GENERATING EQUIPMENT, AND VEHICLES (INCLUDING POLISH/FIAT PASSENGER CARS). THERE WILL ALSO BE A PROGRAM OF TECHNICAL SEMINARS. ACCORDING TO SWITALA, THE POLES CHOSE TIENSIN BECAUSE OF ITS PROXIMITY TO COAL MINING AREAS IN THE NORTHEAST. THE POLES ARE CONFIDENT OF CHINESE INTEREST IN THE EQUIPMENT TO BE DISPLAYED AT THE EXHIBITION, AND EXPECT THESE ITEMS WILL BE INCLUDED IN NEGOTIATIONS ON NEXT YEAR'S TRADE AGREEMENT.

3. 1974 TRADE. THIS YEAR'S SINO-POLISH TRADE AGREEMENT PROVIDES FOR DOLS 101 MILLION (SWISS FRANCS 300 MILLION) IN TOTAL, BALANCED TRADE, A 14 PERCENT INCREASE OVER THE LEVEL OF LAST YEAR'S AGREEMENT. (ACTUAL DELIVERIES IN 1973 AMOUNTED TO DOLS 33.1 MILLION IN POLISH EXPORTS AND DOLS 33.8 MILLION IN IMPORTS). MAJOR POLISH EXPORTS IN 1974 WILL INCLUDE COAL MINING MACHINERY (DOLS 9.2 MILLION), MACHINE TOOLS (DOLS 3.4 MILLION), STEEL (DOLS 15.2 MILLION), FORK LIFT TRUCKS (300) AND FOUR SHIP ENGINES (1,200 HP). POLISH IMPORTS INCLUDE A FORTY ITEM MIX OF TEXTILES, FOODSTUFFS, LIGHT MANUFACTURES, MINERALS AND CHEMICALS.

4. ACCORDING TO SWITALA, THE CHINESE ARE EXTREMELY INTERESTED IN PURCHASING POLISH COAL MINING EQUIPMENT AND RECENTLY TOOK A TEAM OF POLISH MINING ENGINEERS ON AN UNPRECEDENTED TOUR OF MINES IN THE NORTHEAST. THEY ALSO WANT TO INCREASE THEIR PURCHASES OF MACHINE TOOLS AND IN THIS YEAR'S NEGOTIATIONS ASKED FOR DOLS 17 MILLION MORE THAN THE POLES WERE ABLE TO SUPPLY. SWITALA SAID THE POLES ARE CURRENTLY PREPARING TO NEGOTIATE A NEW LONG TERM CONTRACT FOR SHIP ENGINES (1,200 HP). DELIVERIES OF 10 SIMILAR ENGINES UNDER A 1971 CONTRACT WILL BE COMPLETED BY THE END OF THIS YEAR. IN GENERAL, SWITALA SAID, THE POLES FACE A PROBLEM IN MAKING ENOUGH MACHINERY OF ALL TYPES AVAILABLE LIMITED OFFICIAL USE

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TO MEET PRC DEMANDS.

5. ANNUAL TRADE AGREEMENT. SINCE 1971, GOODS EXCHANGED UNDER THE ANNUAL SINO-POLISH TRADE AGREEMENTS HAVE BEEN PRICED AT WORLD MARKET LEVELS AND QUOTED IN SWISS FRANCS. THESE AGREEMENTS PROVIDE A TARGET LEVEL FOR OVERALL BALANCED TRADE AND AN EXACT LIST OF BOTH IMPORTS AND EXPORTS. ACTUAL CONTRACTS, HOWEVER, ARE NEGOTIATED SEPARATELY.

EVERY ATTEMPT IS MADE TO BALANCE THE VALUE OF DELIVERIES
AND ANY DEFICITS ARE MADE UP BY SHIPMENTS THE FOLLOWING YEAR.

6. SHIPPING RELATIONS. BILATERAL TRADE AND CARGOES
FOR OTHER EAST EUROPEAN COUNTRIES ARE CARRIED BY THE
SINO-POLISH JOINT SHIPPING LINE WHICH CURRENTLY
OPERATES 20 SHIPS IN THE 8,000 TO 12,000 TON CLASS. THE
COMPANY'S MAIN OFFICE IS IN SHANGHAI, WITH BRANCHES IN
HSINKANG, CANTON AND PEKING. DESPITE THE NUMBER OF SHIPS
IN SERVICE, SWITALA SAID, THERE IS A SHORTAGE OF CARGO
SPACE AND DELAYS OF UP TO SIX MONTHS ARE NOT UNCOMMON.
THESE DELAYS ARE FURTHER COMPOUNDED BY THE 4 TO 6 WEEKS
PRESENTLY REQUIRED FOR UNLOADING IN CHINA'S CONGESTED
PORTS. THESE PORT DELAYS COST THE JOINT COMPANY
ABOUT DOLS 5,000 PER DAY. THE POLES ARE UNHAPPY ABOUT
THIS, BUT ARE UNWILLING TO DISSOLVE THE COMPANY BECAUSE
OF "FRIENDSHIP" AND HOPE FOR FUTURE IMPROVEMENTS.
PARTICIPATION IN A JOINT SHIPPING COMPANY ALSO EXEMPTS THE
POLES FROM PAYING THE RECENTLY ENACTED PRC TRANSPORTATION
TAX ON FOREIGN SHIPPING.
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